EXHIBIT C

Gaztambide Deposition

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF PUERTO RICO

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UNITED STATES OF AMERICA, Plaintiff	
v.	CIVIL NO. 98-1664(CCC) CIVIL NO. 98-2344(CCC)
33,92536 ACRES OF LAND, MORE OR LESS, SITUATED IN VEGA BAJA, COMMONWEALTH OF PUERTO RICO, AND JUAN PIZA BLONDET, AND UNKNOWN OWNERS, Defendants	

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DEPOSITION OF:

CARLOS E. GAZTAMBIDE

was taken on April 5, 2006 at the offices of CARLOS GAZTAMBIDE & ASSOCIATES, Banco Popular Center, Suite 1515, 208 Muñoz Rivera Avenue, Hato Rey, Puerto Rico, commencing at 9:40 a.m.

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determinations included in this report are only intended to support the highest and best use framework for purposes of this appraisal." Is that true?
A This is, yes. This is a clone of what we discussed before.
Q So this statement of assumptiion and limiting condition indicates that you assumed that there was demand --
A Yes.
Q -- for the highest and best use, as you indicate in that report, is that correct?
A That's correct.
Q And that would be you assumed demand for both residential development and for silica sand extraction, is that true?
A Sales for silica, sales, yes.
Q And did you also assume that the development of median density residential housing would be financially feasible? Is that what this statement says?
A Yes.
Q And you assumed that a sand extraction operation would be financially feasible, is that true?
A Bsed on the historical performance of the farm.

Q So if those assumptions turn out to be false, then the conclusions in your appraisal reports would be invalidated, is that true?
A Depending upon the, what turns out to be false, they could be affected and eventually invalidate it if everything turns out to be false.
Q If these particular assumptions about demand and financial feasibility turn out to be false, would that undermine the conclusions of the reports?
A Yes.
Q Are you familiar with the term extraordinary assumption?
A Yes.
Q Do you believe that your statements constitute an extraordinary assumption in this appraisal report?
A I don't think it does becasue there is enough evidence that I was exposed to to make these original assumptions.
An extraordinary assumption would be something that, you know, will be definitely contrary to the tendency you observe in a particular market.
If I had assumed that a residential development was possible there without a single development going up on the main tract or on the adjacent parcels, or if I had

assumed that, yes, you can extract that sand and sell it without checking on who can buy it, that would be extraordinary but we as appraisers, we are reporters, we're reporters of the market and, you know, and we look at things and report what we believe is happening.
Q So nowhere in your report do you say that you've made an extraordinary assumption?
A No, because I don't believe they're real extraordinary assumptions. It's just a regular assumption that you do based on what you, what has been evidenced from the market. 1A master EROR
Q Do you need to take a break?
A No.
MR. P.E. HARRISON: Are you okay?
THE DEPONENT: I'll go for it.
MR. TAPICK: You would like a break?
THE DEPONENT: Yes, sir.
MR. TAPICK: Why don't we take a five minute break.
(A recess was taken at this time.)
EXAMINATION CONTINUED
BY MR. TAPICK:
Q Mr. Gaztambide, before the break we were talking about some of the preliminary parts of your

appraisal report and now I'd like to ask you some questions about your highest and best use conclusion.
Concerning what I will call your primary appraisal report which is the appraisal report of the fee simple value, what is fee simple? Can you tell me just in every day terms.
A It's a full bundle of rights. Fee simple is you control the full bundle of rights.
Q And when you say "bundle of rights" you mean the property rights associated with the real estate?
A Exactly. The title rights, the right to own, dispose, lease, sell.
Q So that would include all the rights and the use and enjoyment for the property?
A Exactly.
Q And you valued the subject property as vacant, is that correct?
A As vacant.
Q Is there a reason you did that?
A Well, usually, typically you address the highest and best use as if vacant under the assumption that the improvements on the property may be removed in order to put the property to its highest and best use, not necessarily meaning that the current use of any

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A Yes. This is, this is a local jurisprudence.
Q Do you know if Puerto Rico law controls in this case?
A Excuse me?
Q Do you know if Puerto Rico law would control in this eminent domain action?
A I don't know. I'm appraising based on, in the local jurisprudence. I am appraising a farm that is situated in Puerto Rico so I would say that.
Q Were you advised by counsel --
A No. No. This is just my --
Q So you were not advised by counsel regarding what law to follow --
A No.
Q -- in making your present assignment?
A No, no, no. The other one is ELA --
Q That's okay, Mr. Gaztambide.
A -- versus Sociedad Agricola Industrial, 104 DPR392 and also Nichols on eminent domain covers that in Volume 4. Nichols is sitting up there.
Q Yes, sir. I'd like to switch topics.
A Sure.
Q And ask you about your addendum report on sand extraction.

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A Sure.
Q And this is a report that, as we previously discussed, was also produced with an effective date of June 13, 2005. Is that correct?
A Yes. I had a copy around here.
Q You did. Is it --
A I don't see it. That could be it.
MR. HARRISON: Paul, is that your copy that's or --
MR. P.E. HARRISON: No, I don't think so.

EXAMINATION CONTINUED

BY MR. TAPICK:
Q Who decided to retain Dr. James Joyce in this case?
A I recommended it.
Q Okay.
A Because in a previous case this was, you know, when we're talking about sand volumes and what have you, of course, I'm not a geologist so I recommended that he be retained so that he could estimate the sand volumes involved.
Q How do you know there was sand on this property?
A Because I walked on it.

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Q Is there sand on the other portions of Mr. Piza's farm?
A There's sand on the other portions? Frankly, I haven't walked the other portions.
Q When you went to the Haciendas de Tortuguero subdivision, did you see sand on that portion?
A I wasn't looking for it, frankly. I was looking for, for the characteristics of the subject and I looked throughout the subject the best I could but the rest of the farm, I haven't even walked on it.
Q But you walked on the Haciendas de Tortuguero subdivision or you --
A The streets right on the sidewalks.
Q But you couldn't tell if there was sand there?
A I wasn't looking for it so I really can't tell you if I was really looking for that.
Q So you decided --
A It is because when you get to the subject, it strikes you.
Q You decided to retain Dr. Joyce, is that fair?
A I recommended and then they went along with me and, and retained him.
Q You recommended that to counsel or to your, to Mr. Piza?

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A I don't remember. I don't remember to whom I, I made the recommendation directly.
Q And you don't have any expertise in sand extraction yourself, that's why you look to Dr. Joyce, is that --
A Exactly.
Q Okay. And have you ever appraised mineral interests prior to this case?
A Yes, we did it in another case in, in Jayuya.
Q The one you were telling us about this morning in Jayuya?
A Yes.
Q Other than that case, have you ever appraised mineral interests?
A I don't remember. I might have but I don't remember.
Q And the case in Jayuya involved sand that's used in the construction industry, is that correct?
A Primarily, yes.
Q Now, you looked at Gonzalez Ferrer's appraisal of this property and Ivan Canino's appraisal of this property as you mentioned previously. Did those appraisals mention sand extraction, that you recall?
A I don't recall.

Q What --
A I looked very carefully at Mr. Gonzalo Ferrer's appraisal. I didn't look to carefully at Canino's because it was previously prepared, I looked carefully to Gonzalo Ferrer's appraisal because he's, I know he's very thorough appraiser and I wanted to see how much information he was able to gather and benefit from that.
Q As an appraiser, what sort of information did you need from Dr. Joyce?
A Well, I wanted, first of all, to know the quality of the product, the quality of the sand and the volumes.
Q So the volumes and the quality. Did you need to have anything else from him?
A Well, yes. I asked him also to look into the marketability, the marketability of the sand and I believe he contacted initially Owens Illinois which is the firm in Puerto Rico that is eagerly pursing that sand for their operation.
Q Did you have Dr. Joyce analyze the legal permissibility of sand extraction?
MR. MUNPHREY: Objection to the form.
THE DEPONENT: I didn't ask him really. I

don't know if he mentioned that, I don't recall if he mentions that in the report but I don't remember asking him but maybe he touched the topic in the report and I don't remember now.

EXAMINATION CONTINUED

BY MR. TAPICK:
Q Are you the one who primarily spoke to Dr. Joyce about his assignment in this case?
A I would say so, although he might have some conversations with, with David Vidrine but I'm not sure about that. Usually we dealt through me but I cannot guarantee you that, I'm pretty sure they must have spoken.
Q Did you do any independent investigation of the legal permissibility of sand extraction?
A I relied on the historical track record of the property and the, I analyzed the different steps that Mr. Piza had to follow before the, from the '88 on and as he was obtaining permits, first regular permits, then permanent permits.
Q Did you examine Dr. Joyce's report when he presented it to you?
A Yes.
Q Did you analyze whether it met the criteria

that you, as an appraiser, would need from a subsidiary expert?
A Yes.
Q And it did meet those criteria?
A I think it did met them.
Q And those are criteria that are set forth in USPAP, is that correct?
A Yes.
Q So Dr. Joyce's work met your needs and expectations in this case, is that a fair statement?
A Yes. That's a fair statement.
Q Did you review any prior drafts of Dr. Joyce's report before he submitted a final report?
A No. No. I think I just got the final report.
Q Now, he's revised his report since the preparation of your addendum appraisal report in June of 2005, is that correct?
A Yes, I think he did.
Q He prepared a revised a reports on February 9, 2006, is that correct?
A I don't have the date. Let me see if this one -- Yes, this is the revised extraction volume estimates.
Q Have you revised your addendum appraisal

report to meet the new figures in his revised silica sand extraction --
A No.
Q -- volume estimate?
A No.
Q Is there a reason why not?
A Well, first of all, I wasn't asked to and second --
Q That's a good reason.
A Yes, that's a good reason. And second, I remember that the original report gave us a rather ample range so I don't think that ample range would be significantly affected.
Q Okay. Now, in your June 13 addendum, June 13th, 2005 addendum --
A Yes.
Q -- appraisal, did you perform an analysis of an income stream based on the anticipated future profits that may be derived from extracting sand --
A Yes.
Q -- sand extraction operation on the subject property?
A Yes.
Q So that's something that you based on his

report, his initial report but not his revised report, is that correct?
A That's correct.
Q Did you also perform an analysis of an anticipated royalty income based on leasing the subject property to a sand extraction operator?
A No.
Q Have you encountered any evidence in your analysis of market data of land owners that lease their property to sand extraction operators?
A Recently and by recently I mean the last year, I became involved, I appraised a quarry and that particular quarry had two operations on the quarry; one by the owner of the farm and the other was a lease based on a royalty and I don't remember, I might have done part myself but part was done by my associate, Juan Cruz.
You know by know that I'm not, not an engineer, I'm just a lawyer so I have to recognize my shortcomings and so when we do quarrying, if you, now that we mention quarrying, you asked me about mineral rights, you know, I've appraised several quarries in Puerto Rico and in the Virgin Islands so I used Juan Cruz in the quarry appraisals and he interviewed for me one or two quarry

operators to help us check on prices, possible volumes of the disposition of the material, sale of the material and items like that so --
Q Are you talking about you checked with them for data with respect to this assignment or --
A Yes, for this assignment, for this assignment.
Q I'll you about that in a second but I guess I'd like to get back to the point that you didn't appraise a royalty interest in this case. Instead you appraised the profits to be derived from the operation of a sand extraction --
A Exactly, exactly.
Q -- business?
A Exactly.
Q Now, based on your experience of analyzing market data, do you have an idea of what royalty rate a land owner would receive if they were to lease their property to a sand extraction operator?
MR. P.E. HARRISON: Object to the form the question. It's irrelevant since he didn't do it in this case.
THE DEPONENT: I can do some computations because based on my experience with these other quarries, I've seen royalties up to 1.50 to $2. per

cubic meters in products that are probably worth ten to $15. per cubic meter so we could, by analogy, come up with, with a fair royalty if we were to look at the silica sand.

EXAMINATION CONTINUED

BY MR. TAPICK:
Q Do you have copies of those reports that were prepared with respect to those quarries that you just referenced?
A I should have the reports and I should have some of that data.
Q We'll request that information from you at a later point.
Do you know if Mr. Piza ever leased any part of this property to a sand extraction operator?
A For sure I don't know. For sure I don't know. Vaguely, I, I think he mentioned something about the quarry at Cerro Guarico but I cannot.
Q Do you know if ever leased his property to Wilfredo Torres for sand extraction?
A I think Wilfredo Torres was one of the persons that was involved in the sand extraction but I think we should ask him when the time comes what was his relationship because I never was really aware how was

his relationship; if was a contractor to extract the sand or if he was a tenant, you know, or if it was based on royalties.
I sincerely don't know what was the relationship.
Q Was there a reason you did not appraise a royalty interest in this appraisal?
A Now that you ask me that question, probably the only reason was that in the back of my mind, given the "limited" of the volume of sand there, I saw it as an owner's operations, rather, rather than something you would market out.
Q Do you have any evidence of a sand extraction operator purchasing property for extraction purposes, property similar, similar to the subject?
A No, not for sand.
Q Did you look for comparable sales of land that had been sold for sand extraction operators?
A We, we looked sales of quarries and none of the sales of quarries were for sand extraction. For example, we were able to get a sale of a quarry but it was more construction material but not sand and even less, silica sand.
Q So you did look but you didn't find any, is that fair to say?

A Yes.
Q Did you find any comparable sales that had silica sand with a highest and best use of residential development?
A No.
Q Did you look for it?
A We looked for sales and we got our hands on everything that was out there but none would respond to that scenario, if you will.
Q Did you look at any sales that had occurred to the east of Mr. Piza's property?
A To the east of Mr. Piza's property were the sales of this development that I mentioned.
Q The Playa Hermosa Development?
A Playa Hermosa but none of that were sand.
Q You didn't find any other sales in the vicinity of the subject property that were filled with sand deposits and were sold for residential development?
A No.
Q But you looked?
A Yes.
Q Now, on Page 23 of your report you address the highest and best used of the sand deposits, if I'm to understand the report. Is that a fair reading?

A Say it again.
Q You addressed highest and best use of sand deposits, is that correct?
A Will you please say it.
Q Let me back up and maybe this will make it clearer. This report is addressing the market value of the sand deposits on the property, is that correct? This addendum --
A The sand deposits, yes.
Q Okay. So your highest and best use section would be highest and best use for the sand deposit, is that fair?
A Yes. Would the highest and best use of the property as a source of land.
Q As a source of sand?
A Of sands, yes.
Q So you assessed the highest and best use of the deposits of sand and determined that the highest and best use was for extraction and sale, is that fair?
A Section of sand, yes.
Q Okay. So you went through the four criteria for highest and best use as you did in your other report and those four criteria being legal permissibility, physical possibility, financial feasibility and maximum

productivity, is that correct?
A Yes.
Q Now, as to legal permissibility, you say on Page 23, "Most of the expropriated property lies in the zone where sand extraction is permitted by the Department of Natural and Environmental Resources." What zone are you talking about?
A Primarily the main tract. Where it says, "is permitted", it should say "has been permitted".
Q Okay.
A Because it wasn't, as of the date of the appraisal, had been permitted before.
Q When we're talking about the expropriated property here, do we mean the 34 "cuerdas", the 33.9 acres?
A Yes. It lies on its own where sand extraction has been permitted, the zone being the greater tract.
Q Okay. So the zone you're referring to is the greater tract --
A Yes.
Q -- of Mr. Piza's farm --
A Yes.
Q -- if you will?
A Yes.

Q Okay. Now, the subject property is zoned B2, as we've established, is that correct?
A Yes.
Q Is sand extraction permitted as a use under B2 zoning?
A Sand extraction does not necessarily, is governed by the zoning. The, the Department of Natural Resources would allow you to extract the material and substitute it with fill prior, for example, to development but they will look at other criterias or that the zoning per se, it could be anything or any other zone so the sand extraction is, is more a permit that has to with the Department of Natural Resources criteria of the activity per se.
Q Do you know if they first have to go to the Planing Board to get approval for sand extracting in an area zoned B2 before they can issue a sand extraction permit?
A I don't know. I don't think they have to.
Q But you don't know?
A No. You have to definitely get it from the Department of Natural Resources.
Q You state further on Page 23, "It should be added that Engineer Jose Hernandez is developing a six

daily extraction 80 percent.
A Exactly. I'm allowing a 20 percent, how would I say? I don't know the word, but that you would in fact extract only 80 percent of what you're allowed.
Q Do you have any support -- I'm sorry.
A That you won't have, that you won't be a hundred percent efficient, that you would be only 80 percent efficient and this is based on the track record of other quarries, 80 percent efficient, that you're not getting the 1,000 meters, you're getting only 80 percent.
That's why you get 1,360 tons instead of your probable 1,700.
Q So you said the track record of other quarries --
A It's reasonable to assume an 80 percent efficiency.
Q Okay. Is the track record of other quarries information that you refer to, contained in your work file or referenced in this appraisal report?
A No, it's not. I just put it there based on my knowledge of the, of the industry and our research.
Q Now, I understand the next couple of computations so I'm not going to ask you about them.

Then you get to total monthly income and you say 1,360 tons per day which we just discussed --
A Exactly.
Q -- times $30. per ton.
A Exactly. That's the market value of the property.
Q Okay. I'll ask you about that. What is the evidence that that's the market value of the product?
A My consultations with people on the market, what should be used. Today I think it's running on $50.
Q Did you include any evidence of the $30. per ton market value in this report?
A No, this again, this is based on my interviews and information we gathered. I have nothing in writing but we can double check that later and I can say today it's running around $50.
Q Do you have any notes of these discussions?
A No, not really.
Q So nothing contained in your work file would verify or support this $30. per ton --
A No.
Q -- figure?
A We would have to get to the phone and check with the people that work on that on every day, again.

Q And can you give me a list of the people you spoke to regarding that price per ton?
A I remember one name distinctly. It's Cano Varela. He's an owner of a, a quarry that we were appraising but I can get from my associate, the names of the persons that we interviewed that are people in the business.
Q And you'll provide that to us?
A Sure.
Q We request a list of the persons you spoke to regarding --
A Sure. No problem with that.
Q And can you tell me, based on your recollection, Mr. Gaztambide, is that a price that a purchaser such as Owens Illinois would be willing to pay after the sand has been extracted?
A Yes.
Q Now --
MR. MUNPHREY: Let me interrupt you. Is somebody keeping a list of all the stuff we owe you?
MR. TAPICK: That one I can remember.
MR. MUNPHREY: Okay but --
MR. P.E. HARRISON: We have Dr. Joyce's CV --
MR. TAPICK: Oh, that was from Paul's depo. so

I didn't take that up --
MR. MUNPHREY: But there are some other things we owe you. His invoice --
MR. TAPICK: Oh, that's right. Yes, thank you for reminding me.
MR. MUNPHREY: Let's make a list --
MR. TAPICK: Thank you. I appreciate that.
MR. P.E. HARRISON: The CV and the list of cases, we'll give you that today.
THE DEPONENT: And here it's 20 percent is the expenses you were asking for.

EXAMINATION CONTINUED

BY MR. TAPICK:
Q That was my next question.
A Yes.
Q You say --
A That's the cost of extracting.
Q What is your evidence that that is the cost of extracting?
A Uh-huh.
Q I'm sorry. What --
A Twenty percent, 20 percent.
Q What is the basis for that number?
A Again, my consultation with people that do

that every day.
Q So the same list of individuals who --
A Yes.
Q -- provided you with the $30. per ton market price would have the data that you relied upon to arrive at your determination that 20 percent of this would go towards expenses --
A Yes.
Q Is that correct?
A Yes.
Q Is that 20 percent of expenses the entirety of the cost associated --
A Yes.
Q -- with sand extraction?
A Yes.
Q Okay. Do costs ever vary, depending upon site conditions?
A Yes, they could vary.
Q Does that 20 percent account for the variability of extraction operation for --
A Yes, that's a representative figure. Someone more efficient could probably do it for less but 20 percent is pretty market driven.
Q I asked you before if that was the price, the

$30. per ton was the price that like an Owens Illinois would have to pay --
A Yes.
Q -- for the sand product. That's the product delivered to them or that they can come pick up, do you know?
A Delivered to them.
Q Delivered to them, okay.
A And then 20 days is the number of days that you would operate in a month.
Q Did you analyze the particular circumstances of the 33 acres site to determine any of the variables that you utilized in your income approach?
A Based on my observations in comparable quarries, this site does not present anything outside of the, of the normal, if you will. I've seen operations in much more difficult situations accessibility wise, road wise.
Q But you're not an expert in sand extraction operations, is that fair?
A No, I'm not an expert. I just interviewed people that do that every day, not that theorize about it, but live it.
Q And those people you interviewed at the ones

that will be on the list that you --
A Exactly, exactly.
Q How did you arrive at a 15 percent discount rate?
A This is a judgement call. A typical discount rate for real estate would go in the ten, maybe the nine to 15 percent range so I used the upper end of the range.
Q Is there a market support for a 15 percent discount rate for a sand extraction operation?
A I don't think so.
Q What is the support for your discount factor of 5.74?
A Five point seventy four is just the reciprocal of 15 percent.
Q Is that right?
A Yes.
Q Okay. My question and you must understand as a lawyer my familiarity with computations is pretty slim so please bear with me. I know it's late.
A I take the Fifth.
Q But on Page 29 you have the same discount rate but a different discount factor and I'd like to know why just because I don't understand.

A It's because of the volume, because of the volume. The volume is larger so you would be producing income. In the first case, you will have, with this volume you have enough sand for 6.25 months. In this one you have for 12.5 months so if you have double this amount of sand, your factor will be --
Q Will be double?
A Close to.
Q Okay. So is the discount factor in fact the reciprocal of 15 percent?
A At that time, at the time frame because --
Q For the time frame?
A Yes.
Q Because the time frame is the other variable you used to arrive at the discount factor?
A Right, right.
Q I understand. Why is the discount factor significant in your analysis?
A It's just a measure of present value of future earnings. Then finally, if you will, you have a deferred factor of one year under the assumption that it will take one year to get the permits so you could argue, what about two, of course. Two will reflect a lower value.